

EXHIBIT 47

TRANSLATION

A- 21-027

19th Legislative
Assembly

GOVERNMENT OF PUERTO RICO

2nd Ordinary
Session

HOUSE OF REPRESENTATIVES
H. B. 887

JULY 9, 2021

Presented by the misters and misses *Méndez Núñez, Rodríguez Aguiló, González Mercado, Aponte Hernández, Ramos Rivera, Meléndez Ortiz, Torres Zamora, Charbonier Chinea, Morales Rodríguez, Pérez Cordero, Parés Otero, Navarro Suárez, Pérez Ortiz, Lebrón Rodríguez, Morales Díaz, Franqui Atilas, Román López, Peña Ramírez, Bulerín Ramos, Correa Del Valle, and Morey Noble*

Referred to

LAW

To create the “Zero Cuts to Pensions Act,” in order to establish the public policy of the Government of Puerto Rico of zero additional cuts to pensions in the Debt Adjustment Plan; to address the issue of the quality of life of the retirees; to propose to the Financial Oversight and Management Board for Puerto Rico that the pensions of the retired public servants be addressed through the budgetary process and fiscal plan established by Title II of PROMESA; to amend subsection (c) of Article 4 of Law No. 147 of June 18, 1980, as amended, known as the “Organic Act of the Office of Management and Budget” in order to clarify the order of priority of payments established for the pensions of the public servants; and for other related purposes.

PREAMBLE

Pursuant to Law 106-2017, as amended, known as the “Law to Guarantee Payment to Our Retirees and to Establish a New Defined Contributions Plan for the Public Servants” (“Law 106”), the public servants retired from the Government of Puerto Rico did not have a right to file claims (known in English as “pre-petition

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claims”) against the State whose cause of action arose prior to the Government’s petition to invoke Title III of the Puerto Rico Oversight, Management and Economic Stability Act (known as “PROMESA,” by its English acronym) and treatment of the pension claims was not required under the Central Government’s Adjustment Plan (“Adjustment Plan”).

Prior to the enactment of Law 106, *supra*, the three pension systems of the Government of Puerto Rico, meaning the Retirement System of the Employees of the Government, the Judiciary, and the Teachers Retirement System, each maintained both defined benefits plans (whose benefit payments were financed mainly by the Government of Puerto Rico, agencies, and municipalities), as well as hybrid plans (financed mainly by employee contributions).

Now, through Law 106, the Government of Puerto Rico agreed to make the payments of the benefits to the retired public servants charged to the Government’s General Fund. Therefore, essentially Law 106 was an exercise of the State’s police power to address the immediate insolvency of the retirement systems and thereby avoid greater social and economic crisis.

However, this exercise of the State’s police power after the Government’s petition to invoke Title III of PROMESA, did not have the effect of creating claims against the State whose cause of action arose prior to said petition. However, the Government’s payment obligations established through the “Pay-Go” system created by Law 106 represent an additional operating expense intended to protect the health, well-being, and safety of the retired public servants. Previously, the majority of the retired public servants were not entitled to direct claims against the Government and these newly created claims are not likely to be classified as claims whose cause of action arises prior to the Title III petition.

Therefore, the priority of order of payments that has prevailed in our jurisdiction in a statutory way since 1980, for the first time, a government administration alters and amends it, in favor of our retirees so that the importance that our retirees to the Government of Puerto Rico is clear, once and for all.

This Administration has emphatically expressed on countless occasions that it is the Government's public policy to cut zero pensions of our retired public servants. Therefore, through this Law, we reiterate our unwavering commitment to our retirees and strenuously reject any bill that entails cutting pensions in the Debt Adjustment Plan. This position is legally sustainable, since the retirees, unlike other classes of creditors, have already received adjustments in their credit balances through various laws that have reformed the pension systems, such as Law 3-2013. It is estimated that through these laws, the retirees have received adjustments of approximately 20% in their credit balances. In addition, the public servants have experienced adjustments in

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other fringe benefits through other laws, such as Law 66-2014 and Law 26-2017. Therefore, it is not necessary to cut the pensions even more through a Debt Adjustment Plan, when the retirees and public servants have already received adjustments in their credit balances.

Thus, this Government, under the exercise of the State's police power, establishes to propose to the Financial Oversight and Management Board that, instead of classifying and treating the pensions within the framework of the Adjustment Plan, these be addressed through the budgetary process and the fiscal plan established by Title II of PROMESA. This, in order to protect the pensions of the public servants who contributed with their productive lives to the development of the Puerto Rican society, while we protect the Government's ability to provide services to the citizens. In light of the foregoing, and given the importance for society in general of safeguarding the payment of the pensions of our public servants, it is necessary to amend Law No. 147 of June 18, 1980, as amended, known as the "Organic Act of the Office of Management and Budget," to establish that the payment of the public pensions will have priority over other disbursements of public funds, when the resources available for an economic year are not sufficient to cover the appropriations approved for that year, respecting the order established in Section 8, Article VI of the Constitution of Puerto Rico.

BE IT DECREED BY THE PUERTO RICO LEGISLATURE:

1 Article 1.- Title

2 This Law will be known as the "Zero Cuts to Pensions Act."

3 Article 2.- Declaration of Public Policy.

4 Established as a public policy of the Government of Puerto Rico is the most energetic
5 rejection of any provision in any Adjustment Plan that entails cutting the pensions of our public
6 servants. Through this public policy it is safeguarded that the retirees of the Government of
7 Puerto Rico receive the pensions that with so much sacrifice and effort they obtained by giving
8 their best years to service of the People of Puerto Rico.

9 Article 3.- Alternate Proposal to the treatment of Retirees in the Adjustment Plan

10 The Governor of Puerto Rico and the Puerto Rico Financial Advisory Authority
11 and Fiscal Agency of Puerto Rico, in order to protect the pensions of our public servants

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1 and to safeguard their welfare, are authorized to propose to the Puerto Rico Financial
2 Oversight and Management Board ("FOMB") that, instead of classifying and treating
3 the pensions of the public servants retired from the Government of Puerto Rico under
4 the framework of the Adjustment Plan, they be address through the budgetary process
5 and fiscal plan established in Title II of PROMESA. Therefore, the retirees would not
6 have to be classified under any class or classes in the Adjustment Plan.

7 The proposal contained in this Law is consistent with Section 201(b)(a)(C) of
8 PROMESA, since the aforementioned precept requires that, as part of the preparation of
9 a fiscal plan, measures be incorporated to provide adequate resources for public
10 pension systems. Note that the aforementioned provision does not establish that the
11 pension be cut, rather, that the fiscal plan must incorporate into its metrics the need to
12 ensure the payment of the pensions. In addition, it is necessary to emphasize that the
13 retirees were not required to submit claims within the restructuring process under
14 Title III of PROMESA. Thus, it becomes counterintuitive to give them treatment as a
15 creditor.

16 Article 4.- Future treatment of pension payments

17 If the FOMB agrees to the proposal mentioned in Article 3 of this Law, it will
18 mean that said body must promote the removal of any Adjustment Plan from any bill
19 that includes cuts to the pensions of the public servants and will treat the pension
20 payment obligations pursuant to Law 106-2017, as obligations subsequent to the Title III
21 petition, as well as operating expenses of the Government of Puerto Rico, but not as
22 mere ordinary creditors.

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Article 5.- Protection of the most vulnerable sectors.

Compliance with the process ordered in this Law enables the adoption of a Debt Adjustment Plan consistent with PROMESA and that protects the most vulnerable sectors; a base is provided to distinguish retired public servants and to avoid unfair discrimination against them; the proper incentives are created for the government to act by bringing upon it the responsibility to institute the necessary reforms and fiscal measures (that is, if the government fails to implement the Fiscal Plan, the cuts will be a reality) and; the pensions would be treated under an approach first of protection and then of cuts if necessary in other areas of the budget first, instead of the approach of first cut pensions and then restore.

Article 6.- Authorization to implement the public policy.

The Government of Puerto Rico, its agencies, instrumentalities, corporations, as well as political subdivisions, are authorized to carry out any mediation, negotiation, arrangement, or procedure to make viable the public policy established in this Law and regardless of any other law or joint resolution that establishes any particular procedure regarding the restructuring of the pensions of the public servants.

Article 7.- Article 4 of Law No. 147 of June 18, 1980, as amended, known as the "Organic Act of the Office of Management and Budget," is amended to read as follows:

"Article 4. - Duties and Authorities of the Governor in Connection with the Budget.

(a) ...

(b) ...

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(c) **[Consonant with]** *Without undermining the provisions of* Section 8,
Article VI of the Constitution **[of the Commonwealth]** of Puerto Rico, the
following rules of priority in the disbursement of public funds will be
followed, when the resources available for a fiscal year are not sufficient to
cover the appropriations approved for that year. *Likewise, the same may*
[May] be delegated to the Director of Management and Budget:

(1) Order the payment of interest and amortizations corresponding
to the public debt.

(2) *Order the payment of pensions to which the individuals are entitled by*
any applicable law, including Law 106-2017.

(3) Order that the commitments contracted pursuant to legal
contracts in force, court judgment in cases of eminent domain,
and unavoidable obligations to safeguard the credit, and the
reputation and good name of the *Government* **[of the**
Commonwealth] of Puerto Rico.

(4) Order that, charged to the allocations for ordinary expenses,
disbursements be addressed on a preferential basis in
connection with:

(A) The preservation of public health,

(B) The protection of people and property,

(C) The public instruction programs,

(D) The public welfare programs,

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1 (E) [The payment of employer contributions to the
2 retirement systems and the pension payments to individuals
3 granted by special laws and then] [I] *The* other public services
4 in the order of priorities determined by the Governor,
5 provided that the disbursements connected with the services
6 listed here will not have priority among each other but may be
7 addressed simultaneously; Provided, further, that adjustments
8 for reduction may be made in any of the allocations for
9 ordinary expenses including the service areas indicated in this
10 subsection.

11 (5) Order the construction of permanent works or improvements
12 whose contracts have been duly formalized; [Provided that]
13 *Preference* will be given to emergency works motivated by
14 catastrophes or acts of nature, accidents by chance; and then proceed
15 to the execution of those that best respond to the development of
16 normal and economic life in Puerto Rico.

17 (6) Order that the payment of contracts and commitments
18 contracted charged to special operating allocations be addressed and
19 then preferably address those phases of the programs that are in the
20 development process or in a planning stage whose postponement
21 directly or indirectly affect the interests of the clientele served by the
22 program.

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(d) ... “

Article 8. - Severability

This Law will be interpreted in accordance with the Constitution of Puerto Rico and the Constitution of the United States of America. If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Law is annulled or declared unconstitutional, the order issued to that effect will not affect, harm, nor will it invalidate the remainder of this Law. The effect of said order will be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part thereof that has been so annulled or declared unconstitutional. If the application to a person or to a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Law is invalidated or declared unconstitutional, the resolution, opinion, or judgment issued to that end will not affect or invalidate the application of the remainder of this Law to those persons or circumstances to which it can be validly applied. It is the express and unequivocal will of this Legislature that the courts enforce the provisions and application of this Law even if it is left without effect, annulled, invalidated, damaged, or any of its parts declared unconstitutional, or even if its application to any person or circumstance is left without effect, invalidated, or declared unconstitutional.

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- 1 Article 9.- Effectiveness
- 2 This Law will enter into effect immediately after its enactment.

CERTIFICATION

I, Olga M. Alicea, an English-Spanish Interpreter and Translator certified to that effect by the Administrative Office of the U.S. Courts and by the National Association of Judiciary Interpreters & Translators (NAJIT), do hereby certify that I have personally translated the foregoing document from Spanish to English and that the translation is true and accurate to the best of my knowledge and abilities.

S/ Olga M. Alicea
Olga M. Alicea, FCCI, NJITCE-S
Fed. Cert. No. 98-005

August 11, 2021
Date
Ref.: P1700.021 (CGB)